

Historic, archived document

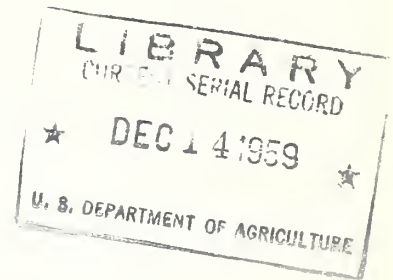
Do not assume content reflects current scientific knowledge, policies, or practices.

ore
81.9
76 Fm

5c
December 1959

3

Postwar Trends in



U.S. CATTLE IMPORTS

7a

FAS-M-74

5, Foreign Agricultural Service,

UNITED STATES DEPARTMENT OF AGRICULTURE

Contents

	Page
Imports from Canada:	
Traditional Trade Partners.....	3
Changing Trade Picture.....	3
Canada's Feeder Industry.....	5
Imports from Mexico.....	6
Imports from Other Areas!.....	7
Summary.....	7
Selected List of FAS Publications.....	11

POSTWAR TRENDS IN U.S. CATTLE IMPORTS

By John E. Ray
Livestock and Meat Products Division
Foreign Agricultural Service

In the 3-year period now ending--1957 through 1959--U.S. imports of cattle have risen to their highest levels. In 1958--the peak import year--more than a million head of cattle moved across U.S. borders. A little over half of them came from Canada and almost all the rest from Mexico. In the present year, imports from both countries have declined, but have still remained unusually high--an estimated 840,000.

Imports of cattle into the United States are not a new thing. Before World War II, we imported large numbers of cattle from both Mexico and Canada. Although imports from Canada were shut off by the Canadian Government during World War II, shipments from Mexico continued high. Imports from Canada were high during the period from 1948 to 1951.

A study of these periods of high imports shows them to be closely connected with the U.S. cattle cycle. When cattle numbers and beef production in the United States are high, the resulting low prices received for cattle do not offer much inducement to Mexican and Canadian producers to market their animals in this country. However, when the workings of the cattle cycle bring about a drop in cattle numbers, the subsequent higher prices attract cattle across U.S. borders in growing quantities. These shipments are affected also by conditions in neighboring countries: Climatic conditions in Mexico's northern seven States--Mexico's biggest cattle exporters--and the Canadian cattle cycle--which is highly similar to the U.S. cycle. However, the prime factor in this trade seems to be the demand of U.S. cattle feeders and slaughterers for foreign animals. This demand is strongest during the

U. S. Imports of Dutable Cattle Drop Sharply From 1958 Record

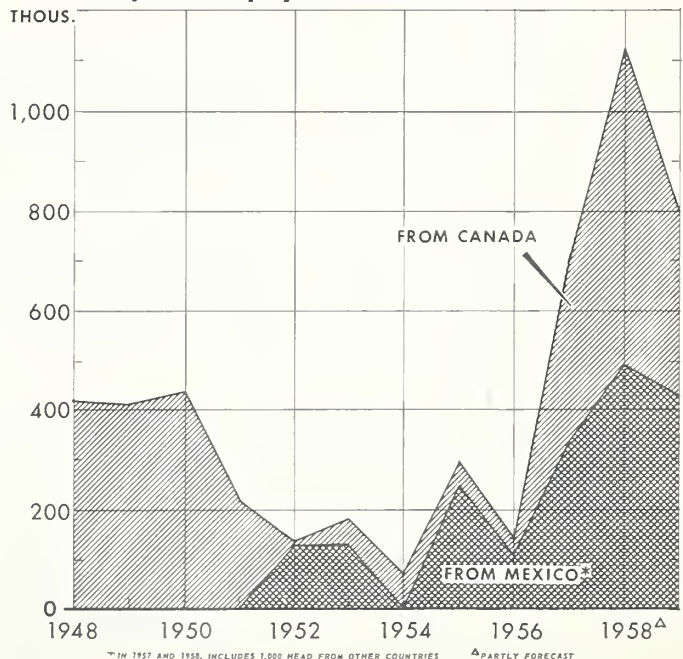


Table 1.--Cattle: Total U.S. imports, dutiable and free,
annual 1948-58, January-September 1958 and 1959

Year	Dutiable cattle										Breed- ing cattle (free)	Total cattle
	700 pounds and over			Under 700 pounds				Total dutiable cattle				
	Cows for dairy pur- poses	Other	Total	Under 200 pounds	200 to 699 pounds	Total						
Annual:	Head	Head	Head	Head	Head	Head	Head	Head	Head	Head	Head	
1948....	84,275	214,645	298,920	23,571	96,335	119,906	418,826	42,853	461,679			
1949....	49,061	194,916	243,977	41,535	126,614	168,149	412,126	21,332	433,458			
1950....	46,591	173,000	219,591	38,985	179,709	218,694	438,285	22,684	460,969			
1951....	35,626	117,479	153,105	15,609	51,107	66,716	219,821	19,138	238,959			
1952....	7,017	47,941	54,958	810	82,280	83,090	138,048	2,413	140,461			
1953....	22,009	48,320	70,329	4,000	102,831	106,831	177,160	21,066	198,226			
1954....	17,633	46,798	64,431	2,872	3,377	6,249	70,680	15,376	86,056			
1955....	26,676	73,696	100,372	3,795	191,849	195,644	296,016	18,361	314,377			
1956....	24,364	14,038	38,402	4,419	97,984	102,403	140,805	18,554	159,359			
1957....	19,342	230,272	249,614	18,400	434,901	453,301	702,915	24,938	727,853			
1958....	20,841	311,724	332,565	16,811	776,837	793,648	1,126,213	26,194	1,152,407			
January- September:												
1958....	16,632	246,520	263,152	16,535	429,751	446,286	709,438	20,062	729,500			
1959....	13,715	122,617	126,332	31,489	358,786	400,275	526,607	16,032	542,639			

early buildup period of the cattle cycle when both breeders and packers are bidding against each other for cattle.

Imports From Canada

Traditional Trade Partners.--Canada and the United States have a long history of trade in cattle. Before World War II, the direction of trade was generally southward, from Canada into the United States. Each fall, thin feeder steers would move from the ranges of Alberta, Saskatchewan, Manitoba, and British Columbia into the United States, where they were fattened in feed lots during the winter. At that time the small Canadian feeder industry did not offer an attractive domestic market.

This era came to an abrupt end with the start of World War II. To conserve cattle for increased domestic consumption and for large exports to the United Kingdom, Canada placed strict controls on exports.

In August 1948, these controls were removed. The time was especially propitious for a resumption of cattle exports to the United States, for there cattle numbers and beef production were relatively low. U.S. producers were just beginning the expansion that would continue until 1956; and, with war-time controls relaxed, cattle prices rose to equate supply and demand. U.S. prices were sharply above those in Canada.

In Canada, moreover, cattle numbers and beef production were on the downswing. The large wartime shipments of beef to the United Kingdom were tapering off. Producers were reducing the size of their herds. Cattle prices were relatively low. Cattle moved southward to the mutual benefit of Canadian breeders and U.S. feeders--some 400,000 a year.

Changing Trade Picture.--In the cattle trade, as in most things, change is the only certainty. Conditions which had favored U.S. imports of Canadian cattle shifted. Numbers and production rose sharply in the United States; U.S. cattle prices leveled off and, after 1951, began to fall.

Cattle numbers in Canada reached a low point in 1951 and then began to rise. The Canadians, like U.S. farmers a few years earlier, held back cattle to build up their herds. Cattle prices mounted, and this was accelerated by the rapid growth in the Canadian population and in the country's economy. There were more Canadians to buy beef and with more money in their pockets, they were buying more.

By 1951, as a result of this prosperity, Canadian exports were dropping. The change in the trade pattern was accentuated by the closing of the U.S. border to Canadian cattle because of an outbreak of foot-and-mouth disease in western Canada in February 1952. Although the disease was quickly eradicated in Canada, no imports into the United States were permitted until early 1953 when the one-year quarantine requirement for this highly contagious disease was fulfilled.

By this time, however, the situation had altered completely. The impetus to trade beef cattle had vanished, and the majority of U.S. cattle

Table 2.--Cattle: U.S. imports from Canada, dutiable and free,
annual 1948-58, January-September 1958 and 1959

Year	Dutiable cattle										Breeding cattle (free)	Total cattle
	700 pounds and over			Under 700 pounds				Total dutiable cattle				
	Cows for dairy purposes	Other	Total	Under 200 pounds	200 to 699 pounds	Total						
Annual:	Head	Head	Head	Head	Head	Head	Head	Head	Head	Head	Head	Head
1948 1/.	84,275	214,645	298,920	23,571	96,335	119,906	418,826	42,853	461,679			
1949....	49,061	194,916	243,977	41,535	126,614	168,149	412,126	21,332	433,458			
1950....	46,591	173,000	219,591	38,985	179,709	218,694	438,285	22,610	460,895			
1951....	35,600	117,455	153,055	15,609	51,103	66,712	219,767	19,120	238,887			
1952 2/.	4,636	4,244	8,880	714	968	1,682	10,562	2,222	12,784			
1953 3/.	21,811	22,931	44,742	3,515	896	4,411	49,153	20,757	69,910			
1954....	17,633	46,798	64,431	2,872	3,377	6,249	70,680	15,259	85,939			
1955....	25,252	17,543	42,795	3,256	2,218	5,474	48,269	18,334	66,603			
1956....	22,678	2,914	25,592	3,571	1,390	4,961	30,553	18,475	49,028			
1957....	18,857	186,036	204,893	10,486	151,059	161,545	366,438	24,818	391,256			
1958....	19,586	230,025	249,611	13,580	373,671	387,251	636,862	26,145	663,007			
January- September:												
1958....	15,607	188,631	204,238	13,422	157,743	171,165	375,403	20,014	395,417			
1959....	12,129	82,405	94,534	30,520	102,447	132,967	227,501	15,848	243,349			

1/ Canadian wartime controls on exports of slaughter and feeder cattle were removed on August 16, 1948.

2/ Effective February 25, 1952, the United States placed an embargo on imports of live cattle from Canada, because of an outbreak of foot-and-mouth disease.

3/ Effective March 1, 1953, the United States removed its embargo on imports of cattle from Canada.

imports from Canada were breeding cattle and dairy cows. During the period 1953-56, the beef cattle trade between Canada and the United States was insignificant. Sometimes it flowed north from the United States to Canada, sometimes south from Canada to the United States.

Canada's Feeder Industry.--This period of relative stagnation for the crossborder cattle trade saw the development of an important cattle-fattening industry in Canada, centered in the Province of Ontario. From 1951 to 1956, the number of feeder cattle sold to Canadian farmers for fattening rose from over 144,000 to nearly 388,000 per year. By offering a domestic market for thin or unfinished western Canadian range cattle, this growing feeding industry helped reduce exports to the United States during this period.

In 1957 and 1958, the picture changed once more. The United States had a record supply of feed grains on hand, but livestock numbers were down. By January 1958, they were almost 2.5 million below their 1956 high. Almost all of this reduction was in beef cattle. Dairy cattle stocks remained about the same.

Beef production was also down. But the demand for beef remained strong. To meet this demand and to convert their abundant feed grain supplies into meat, U.S. farmers increased their orders for feeder cattle. U.S. feeder cattle prices rose sharply. Soon U.S. buyers were competing with Canadians on the Canadian livestock market for feeder cattle which were in abundant supply in Canada. The number of cattle shipped from Canada to the United States increased significantly. This southward flow of cattle--mostly thin stock for feeding--reached 1948-51 levels in 1957 and greatly exceeded them in 1958.

Yet the situation in 1957-58 differed from that of 1948. What caused this difference was Canada's expanded feeder industry. With increased shipments of feeders to the United States, the number of cattle put on feed in Canada dropped sharply from 1956 levels during 1957 and 1958. This reduced the number of fat cattle offered for sale in Canada. Consumption of beef dropped in Canada during 1957 and 1958. Prices of slaughter cattle rose sharply and, by the end of 1958, were above U.S. prices.

The high prices received for slaughter cattle in Canada encouraged Canadian feeders to expand their operations again. The number of cattle sold to feeders in Canada rose to 225,058 head during January-September 1959, 8 percent above a year earlier. This increased domestic demand for feeder animals, plus lower availability of cattle--cattle numbers in Canada dropped from 11,296,000 head in June 1957 to 11,120,000 in 1959--caused a sharp increase in Canadian feeder cattle prices. Exports to the United States dropped off sharply during the second half of 1959 and are expected to continue lower through 1960. In fact, owing to higher Canadian slaughter cattle prices, there have been sporadic shipments of slaughter cattle from the United States into eastern Canada during 1959.

Imports From Mexico

Mexico, too, has long been an important source for U.S. cattle imports. The northern tier of Mexican States--Tamaulipas, Nuevo Leon, Coahuila, Chihuahua, Sonora, Durango, and Baja California--supply practically all of these imports. Imports from other Mexican States are limited by stricter sanitation and quarantine restrictions by the Agricultural Research Service of the U.S. Department of Agriculture. These seven northern States contain about 30 percent 1/ of Mexico's estimated 19.4 million cattle.

The United States is the primary outlet for northern Mexican cattle producers. Almost all these animals are light feeders destined to be fattened on ranches and farms in the United States before slaughter. This trade has a long tradition, and farmers and ranchers on both sides of the border depend upon it to maintain their operations. Increased production of feed grains in the U.S. southwest during recent years has given an added impetus.

Although subject to fluctuations determined by Mexican supply and U.S. demand, this trade remained fairly constant at about 200,000 head per year until World War II, when sharply increased U.S. demand for beef caused a rapid buildup in imports from Mexico. These imports remained high until an outbreak of foot-and-mouth disease in Mexico caused the border to be closed in late December 1946. Strenuous efforts on the part of Mexico, assisted by the United States, finally eliminated the disease and on September 1, 1952, the United States was again opened to imports from Mexico. However, another outbreak on May 23, 1953 forced another embargo on Mexican cattle.

During the period of slightly less than 9 months in 1952 and 1953 during which imports of cattle from Mexico were permitted, over 255,000 head were brought in. This rapid resurgence of Mexican exports was due to both the pent up supply of cattle in northern Mexico and the strong demand and high prices prevalent in the United States at that time.

When this second embargo was lifted on January 1, 1955, the situation had changed. Cattle numbers in the United States were at high levels. Although Mexico was able to market almost 248,000 head in the United States during 1955, prices received were low, and shipments were only half as large in 1956.

When U.S. demand for feeder cattle recovered in 1957, Mexican exports of cattle to this country rose again. By the end of the year, over 336,000 head had moved north across the border. Shipments continued to increase during 1958 and reached the highest level since World War II days.

During 1958, heavier rainfall improved northern Mexican pastures. Ranches began to increase the size of their herds. This demand on the part of the ranchers themselves, plus increased U.S. demand for feeders and domestic demand for slaughter animals, rapidly increased Mexican cattle prices

1/ According to the 1950 Mexican livestock census.

and beef prices as well. Thus, in February 1959, the Mexican Government raised its export taxes on cattle substantially. Although these were later reduced, they remained above those previously in effect. After a short ban on exports in April, cattle export quotas were set. The result has been a sharp drop in northward cattle movement during 1959.

The outlook for 1960 is for continued imports from Mexico, but at a lower level than during 1958. In September 1959, the Mexican Government announced that the export quota for cattle for the 12 months ending August 31, 1960, had been set at 380,000 head. This is about 20 percent below the 461,000 head exported to the United States during the 12-month period ending August 31, 1959.

Imports From Other Areas

Imports from countries other than Canada and Mexico are usually restricted to purebred breeding cattle. However, a shipment of about 1,000 feeder steers was received from New Zealand in October 1958. Although the shipper reported that the shipment was a financial success, it has not been repeated. No plans for further trans-Pacific shipments of cattle are known.

Summary

Although cattle imports have dropped somewhat during 1959, they are still at an unusually high level. Almost all the animals received from Mexico and over 70 percent of those from Canada were bought by U.S. farmers and ranchers for feeding prior to their eventual slaughter. 2/

Imports of cattle during 1960 are expected to drop further, with Mexican shipments showing the smallest reduction. Most of the drop is expected to come in imports from Canada. As U.S. cattle numbers and slaughter rise after 1960, imports from Canada will probably continue low. Mexican exports of feeder cattle to this country will be slightly lower.

2/ According to reports submitted by U.S.D.A. veterinary inspection posts.

Table 3.--Cattle: U.S. imports from Mexico, dutiable and free, annual 1952-58, January-September 1958 and 1959

Year	Dutiable cattle										Breeding cattle (free)	Total cattle
	700 pounds and over			Under 700 pounds								
	Cows for dairy purposes	Other	Total	Under 200 pounds	200 to 699 pounds	Total	Total dutiable cattle					
Annual:	Head	Head	Head	Head	Head	Head	Head	Head	Head	Head		Head
1952 1/...	2,381	43,617	45,998	96	81,185	81,281	127,279	127,279	127,279	---		127,279
1953 2/...	175	25,364	25,539	485	101,901	102,386	127,925	127,925	127,925	2		127,927
1954.....	---	---	---	---	---	---	---	---	---	---		---
1955.....	1,424	56,153	57,577	539	189,631	190,170	247,747	247,747	247,747	4		247,751
1956.....	1,684	11,124	12,808	848	96,594	97,442	110,250	110,250	110,250	6		110,256
1957.....	480	44,236	44,716	7,914	283,842	291,756	336,472	336,472	336,472	5		336,477
1958.....	1,255	80,589	81,844	3,231	403,166	406,397	488,241	488,241	488,241	---		488,241
January-September:												
1958.....	1,025	57,889	58,914	3,113	272,008	275,121	334,035	334,035	334,035	---		334,035
1959.....	1,586	40,212	41,798	969	256,039	257,008	298,806	298,806	298,806	30		298,836

1/ On December 27, 1946, an embargo was placed on imports of Mexican cattle because of an outbreak of foot-and-mouth disease. The United States removed the embargo on imports from Mexico on September 1, 1952.

2/ Effective May 23, 1953, the United States imposed an embargo on imports from Mexico following another outbreak of foot-and-mouth disease. This embargo was lifted January 1, 1955.

Table 4.--Cattle prices: Slaughter and feeder steers, Canada and the United States, annual 1948-58, monthly October 1958-October 1959

Period	Good slaughter steers		Good feeder steers	
	Toronto <u>1/</u>	Chicago <u>2/</u>	Winnipeg <u>2/</u>	South St. Paul <u>3/</u>
	<u>Dollars</u>	<u>Dollars</u>	<u>Dollars</u>	<u>Dollars</u>
Annual:				
1948.....	16.73	<u>4/</u> 26.31	16.42	24.67
1949.....	18.99	<u>4/</u> 23.17	16.22	22.40
1950.....	22.63	<u>4/</u> 26.08	22.47	26.16
1951.....	30.95	33.37	29.91	32.81
1952.....	25.69	30.10	19.97	28.37
1953.....	20.58	21.56	15.26	18.93
1954.....	19.77	21.81	15.56	18.67
1955.....	19.87	21.14	16.27	18.37
1956.....	18.29	19.37	16.46	17.09
1957.....	19.87	21.66	17.73	19.79
1958.....	23.59	25.85	22.25	25.17
Monthly:				
1958:				
October.....	24.57	25.63	22.20	27.20
November....	24.97	25.82	23.29	27.00
December....	27.13	25.88	23.12	26.52
1959:				
January.....	27.40	26.72	24.26	26.50
February....	26.06	26.07	23.85	25.90
March.....	25.15	27.15	25.28	25.70
April.....	25.94	28.11	25.01	27.06
May.....	25.85	27.87	25.43	27.50
June.....	25.58	27.17	25.48	27.85
July.....	26.33	26.73	24.99	27.48
August.....	26.83	26.47	24.83	27.00
September...	27.30	26.50	23.60	26.84
October.....	25.85	25.96	22.15	25.88

1/ Under 1,000 pounds.

2/ All weights.

3/ 500-800 pounds.

4/ Medium steers.

Table 5.--Cattle: Indices of number on farms, Canada, Mexico, United States, 1948-59

Year	Canada <u>1/</u>	Mexico <u>2/</u>	United States <u>3/</u>
	1949-52 = 100	1948-52 = 100	1948-50 = 100
1948.....	107	99	100
1949.....	102	102	99
1950.....	100	99	101
1951.....	97	100	106
1952.....	102	102	114
1953.....	112	102	122
1954.....	119	102	124
1955.....	123	102	125
1956.....	128	108	125
1957.....	133	112	122
1958.....	131	113	121
1959.....	129	116	125

1/ December 1 of previous year. 2/ Spring. 3/ January 1.

SELECTED LIST OF FAS PUBLICATIONS

Canadian Livestock Industry, by C. L. Harlan. Foreign Agriculture Report No. 61, 117 pp. 1951.

Beef Cattle Industry in Northern Mexico and Probable Exports to the United States, by F. E. Davis and G. J. Dietz. Foreign Agriculture Report No. 69, 23 pp. 1952.

United States Foreign Trade in Cattle and Calves, Sheep and Lambs, and Hogs. Foreign Agriculture Circular FLM 13-56, 10 pp. 1956.

Mexico's Livestock and Meat Industry. FAS M-27, 17 pp. 1957.

"Cattle Across the Border," by J. E. Ray, Foreign Agriculture, p. 13. February 1958.

Canadian Agriculture, Its Competitive Position, by M. Ogdon. Foreign Agriculture Report No. 110, 73 pp. 1958.

U.S. Exports and Imports in Livestock, Meat, and Meat Products. Foreign Agriculture Circular FLM 3-59, 17 pp. 1959.

